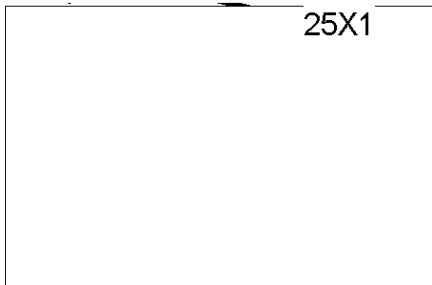




**Central  
Intelligence**



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# National Intelligence Daily

**Thursday  
7 January 1988**



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CRAS MID 88 005 IX  
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USSR:

**New Pressure for Cambodian Settlement**

***The USSR apparently is taking a tough line with the Vietnamese-installed government in Phnom Penh on the need for a Cambodian settlement—a tougher line than Moscow appears to have used with Hanoi.***

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[Redacted] the first meeting between Cambodian Prime Minister Hun Sen and Prince Sihanouk told Hun Sen to work out a reconciliation with Sihanouk because the USSR will no longer support Vietnam's occupation of Cambodia.

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[Redacted] a Soviet Deputy Foreign Minister delivered the same message during Hun Sen's visit to Moscow after the talks and told Hun Sen that Moscow is also discussing the issue with the Chinese. Although the names of the Soviet officials were not reported, press and other reports point to the deputy head of the party's International Department, Vadim Zagladin, and Deputy Foreign Minister Vorontsov, who met with Hun Sen in Moscow.

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The Soviet Deputy Foreign Minister reportedly told Hun Sen that Soviet aid to Cambodia—currently estimated at about \$150 million a year—is being squandered, that the Vietnamese economy is on the verge of collapse, and that Moscow is not willing to continue to waste its resources abroad. He also allegedly offered to increase Soviet aid to Cambodia and redirect military aid to Vietnam to the civilian sector after peace is restored.

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**Comment:** The Soviets may be trying to convince Phnom Penh of their seriousness in seeking a solution to the Cambodian situation. Soviet press reports of Hun Sen's visit confirm the Soviets expressed dissatisfaction with Cambodian use of Soviet economic aid. The pressure on Hun Sen accords with indications over the past year that the Soviets have also been urging Vietnam to seek a negotiated settlement in Cambodia.

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The Soviet toughness was probably designed as much to impress the Chinese—whom the Soviets are sure to tell about the exchange. There is no evidence they have threatened to cut off aid to Vietnam, which would jeopardize Soviet facilities at Cam Ranh Bay, and the Soviets have made no specific suggestions on a settlement. The Soviet messages also may have been more convincing had they come from Prime Minister Ryzhkov, who met Hun Sen in Moscow, or other high-level officials. The Soviets probably will continue to limit their pressure on Hanoi to strong suggestions and offers of logistic support for negotiations such as Moscow provided for the Hun Sen-Sihanouk meeting last month.

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**EAST GERMANY-  
FRANCE:**

**The Honecker Visit**

***East German party chief Honecker's two-day visit to France beginning today is part of a sustained campaign to win international acceptance of East German sovereignty; he may also urge Paris to support Soviet arms control proposals on short-range nuclear missiles.***



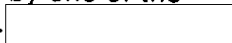
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Honecker's talks with senior French officials—probably including two meetings with President Mitterrand—reportedly will focus on bilateral relations and East-West issues. Press reports indicate the French do not want to discuss issues relating to Berlin's status but will do so if Honecker raises them. Accordingly, the French do not plan to push President Reagan's Berlin initiative.



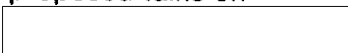
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**Comment:** The visit, although likely to be short on substance, marks another important step in Honecker's efforts to gain full Western acceptance of East Germany as a legitimate European state. For the first time Honecker will be received as head of state by one of the three Western guarantors of Berlin's postwar status.



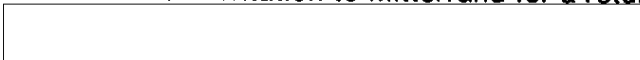
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Honecker will probably present himself as the chief East European interlocutor with Western Europe on arms control. In a letter delivered to West German Chancellor Kohl last month—but published only last week—he focused on disarmament issues, stressed both Germanys' special responsibility for arms control, and proposed talks on eliminating short-range missiles in Europe.



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In Paris, Honecker probably will reiterate East European appeals for eliminating chemical and short-range nuclear weapons but will not press the French, who remain unenthusiastic about negotiations on such systems. The visit is not likely to do much to expand East Germany's weak economic ties to France. Honecker almost certainly will extend an invitation to Mitterrand for a return visit to East Berlin.



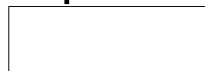
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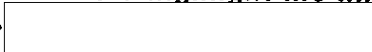
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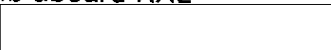
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**SOUTH KOREA-  
NORTH KOREA:**

**Airliner Bombing Confession**

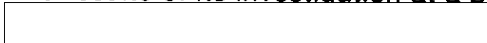
***Seoul reportedly will soon announce North Korean terrorists were responsible for destroying the Korean Air passenger plane on 29 November, a revelation that would highlight the threat of violence against the Olympics.*** 

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The surviving suspect in the bombing reportedly has confessed that she and her male companion, who committed suicide during questioning in Bahrain, acted as North Korean intelligence agents. She has admitted the two planted a bomb aboard KAL flight 858 before it took off for Bangkok. 

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The young woman, who was extradited from Bahrain on 15 December, reportedly has recently been cooperative with South Korean security officials. She no longer tries to hide her fluency in Korean and has revealed that she is the daughter of a North Korean diplomat posted to Angola. Seoul reportedly intends to announce the results of its investigation at a press conference in two weeks.

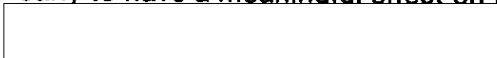


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**Comment:** It is still uncertain how Seoul will play the issue of North Korean sabotage but may use the woman's admission to discredit P'yongyang, believing that publicity represents the best deterrent to further violence. An attempt to dramatize the North Korean threat, however, could put the international spotlight on the Olympics in a way that would call into question Seoul's ability to provide security for the games. 

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North Korea's motives remain unclear. If the terrorist act was an attempt to frighten tourists away from the Olympics, other incidents may follow. As an isolated incident, the airliner sabotage occurred too early to have a meaningful effect on the September games. 



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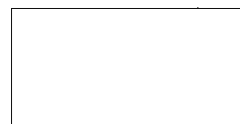


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**PALESTINIANS: Weighing Government-in-Exile**

***PLO officials are again considering establishing a government-in-exile but are likely to defer a decision because of factional differences and uncertainties about possible diplomatic gains.***



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~~Several members of the PLO Executive Committee raised the idea of a government-in-exile following the Arab summit in Amman in November, [redacted]. The full Executive Committee discussed the matter in Tunis late last month but deferred a decision so that the structure and policies of such a government could be studied, [redacted].~~ Chairman Arafat's principal deputies, Salah Khalaf and Khalil al-Wazir, and the deputy secretary general of the Democratic Front for the Liberation of Palestine, the PLO's official spokesman, have said publicly a Palestinian government-in-exile is not imminent. [redacted]

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**Comment:** The idea of a Palestinian government-in-exile has been discussed in the past, particularly at times when Arafat has believed his or the PLO's political standing was waning. ~~The impetus for the most recent discussions probably was Arafat's poor treatment at the summit in Amman and the wave of Palestinian unrest in the Israeli-occupied territories.~~ Some PLO officials are likely to believe a government-in-exile would revitalize the PLO's role as the sole legitimate representative of the Palestinians and place Arafat on equal footing with other Arab leaders ~~in any peace negotiations with Israel.~~ [redacted]

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Nonetheless, many PLO officials probably see serious drawbacks to the idea. They fear it would trigger maneuvering among the various Palestinian groups to fill the slots in the "government," increasing rivalries and tensions within the PLO, and possibly undermining Arafat's control. Moreover, they are concerned that some countries that have accorded diplomatic status to the PLO might not recognize a Palestinian government-in-exile because it might appear to endorse implicitly the idea of an independent Palestinian state. [redacted]

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**USSR-AFGHANISTAN: Shevardnadze Discusses Withdrawal**

In an interview with the Afghan media at the end of his visit to Kabul ~~yesterday~~, Foreign Minister Shevardnadze claimed the Soviets would like 1988 to be the last year their troops are in Afghanistan. But, later in a Soviet television interview, he said "very many questions remain unresolved" at the UN-mediated Geneva talks between Afghanistan and Pakistan. He said the international and the domestic aspects of the Afghan problem are linked, but he stressed the importance of concluding the Geneva negotiations—expected to resume next month. Shevardnadze said the forming of a coalition government was only the first step toward an agreement on Afghanistan's future.

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~~Soviet press of Under Secretary Armacost's visit to Pakistan, however, stressed his alleged assurance to Afghan exiles that the US will continue to support them~~

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**Comment:** Shevardnadze's stress on a settlement and Moscow's desire to remove its troops by the end of 1988 are probably in part aimed at creating the impression internationally that the Soviets are serious about withdrawing. Although Moscow may be trying to impress on Kabul the need to accept more than cosmetic power-sharing arrangements as part of any long-term settlement, the Soviets probably do not intend to withdraw unless assured of leaving behind a Marxist-dominated coalition. ~~The coverage of Armacost's visit and the mention of problems to be resolved in Geneva may be setting the stage for Soviet attempts to shift blame for their presence in Afghanistan to the US~~

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**WEST GERMANY: Genscher Woos Opposition**

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West German Foreign Minister Genscher is stressing the interests his Free Democratic Party shares with the opposition Social Democrats, in part to gain leverage on his Christian Democratic coalition partners. Earlier this week, he told journalists all West German parties now share a "new thinking" on disarmament and a positive view of Soviet leader Gorbachev's reforms. He said he agreed with the Social Democrats' view that short-range nuclear missiles should not be counted on to offset conventional disparities—a position at odds with official West German and NATO policy.

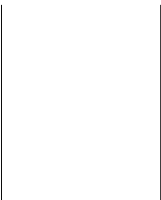
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**Comment:** Genscher is trying to take credit for the major parties' consensus in favor of a new phase of detente with Moscow, even though the government and the opposition differ over the specifics of arms control. An FDP spokesman, for example, recently praised Bavarian leader Strauss for "adopting" Genscher's view of Gorbachev during his recent trip to Moscow. The Foreign Minister is drawing fire from the Christian Democrats, who resent his grandstanding and fear a coalition switch by his Free Democrats. Genscher is unlikely to switch soon, however, because his influential cabinet position is contributing to a major electoral resurgence by his party. Polls show Free Democratic voters strongly favor the current coalition, and the FDP continues to differ sharply with the Social Democrats over economic policy.

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**POLAND: Electoral Reform Promises Broken**

The Polish Government has published guidelines on electoral reform that restrict candidate selection to committees controlled by the regime and its political allies. Selection committees will be chaired by a representative from the Patriotic Movement for National Rebirth, a front dominated by the Communist party. The committees can select a maximum of two candidates for contested posts and exclude any nominees about whom "justified reservations" arise. The guidelines are regime proposals for "public consultations" and have not yet been legally adopted.



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**Comment:** The proposals fall well short of the far-reaching, "dramatic" reforms promised last fall by a leading party liberal and will draw severe opposition criticism. They will also disappoint members of Cardinal Glemp's advisory council who have called on the regime to open public life to Catholic participation. A vocal lay-Catholic backlash might still force the regime to modify the guidelines, which a regime spokesman described as not yet final. Nonetheless, the restrictive nature of the proposals indicates the regime's determination to limit access—even to local offices—to candidates it approves.



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**USSR-SWITZERLAND: Soviets Issue Bond**

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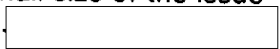
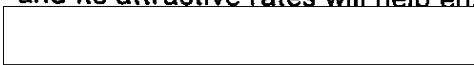
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On Tuesday, the USSR offered—through a West German-owned Swiss bank—its first sovereign bond, a 10-year, \$78 million issue denominated in Swiss francs. The borrower will be the Bank for Foreign Economic Activity, formerly known as Vneshtorgbank, the Bank for Foreign Trade.



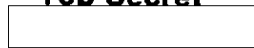
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**Comment:** If successful, the offering may pave the way for Moscow to borrow substantially more on larger bond markets like London. The USSR had been expected to enter the Eurobond market since it settled with holders of outstanding Tsarist bonds in the UK in 1986. In addition to providing longer repayment periods and lower interest rates than syndicated loans, bonds would give Moscow access to a larger pool of funds because they can be held not only by nonbank financial institutions like insurance companies and pension funds but also by private investors. Although investors will determine whether Moscow's first offering succeeds or fails, the small size of the issue and its attractive rates will help ensure success.



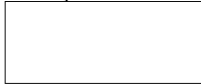
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**In Brief**



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**Middle East**



**Lebanon's** Shia Amal seeking UN help to revive talks with **Israel**, suspended in 1985, according to US Embassy in Beirut . . . Tel Aviv satisfied with current standstill . . . **Syrians** probably behind Amal move

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**Syrian** Vice President Khaddam and Foreign Minister Shara yesterday began three-day tour of **Kuwait, Bahrain, Qatar, Oman, and United Arab Emirates** . . . probably will explain Syria's Iran policy and seek Arab aid.

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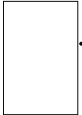
**Pakistani** troops leaving **Saudi Arabia**, . . . 7,000 to withdraw by March . . . Riyadh probably will keep air defense troops . . . understrength Saudi army cannot fully replace departing personnel.

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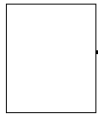
**Algerian** President Bendjedid, **Libyan** leader Qadhafi to visit Tunis next week . . . President Ben Ali expects intense pressure to accept Libyan inclusion in treaty linking **Tunisia** with **Algeria, Mauritania** . . . Tunis, Tripoli resumed ties last week

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**Americas**



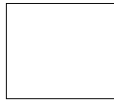
**Surinamese** Army killed several rural black noncombatants, according to US Embassy . . . likely to become contentious issue between military, new civilian government to be installed soon . . . could jeopardize resumption of aid from **Netherlands**.

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**Africa**



**Sudanese** security warning government that **Iranians** are trying to form Hizballah cell in Khartoum, . . . reflects increasing Sudanese concern about Iranian intent to expand influence in area.

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## **Polls Show Filipinos Increasingly Concerned About Insurgency**

USIA commissioned a national survey in the Philippines in mid-1987 and found that Filipinos ranked the insurgency behind unemployment and the high cost of living as a major national problem. Those who believe the NPA poses a serious threat increased from 50 percent in a survey taken in late 1986 to 75 percent in last year's poll.

Residents in NPA-contested areas believed more people join the NPA out of dissatisfaction with local government services and justice than because of poverty. The more affluent residents of Manila believe poverty is the primary reason behind joining the NPA.

### **Other key findings:**

- 43 percent saw "ordinary people" as becoming less sympathetic to the NPA.
- Only 1 percent said their primary source of information on the NPA came from Communist lectures, or teach-ins. The vast majority received such information from the media.
- Only 57 percent of rural respondents were aware of the two-month cease-fire a year ago; in NPA-contested areas, those most affected by that cease-fire, only 44 percent of the people knew a cease-fire had been declared.

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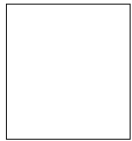
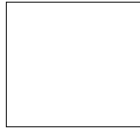
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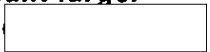


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**Special Analysis**

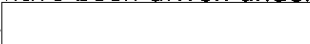
**PHILIPPINES: Communist Insurgency at Yearend**

***Hardliners regained leadership of the Communist Party of the Philippines last year and adopted more militant tactics, including sabotage, use of landmines, and the assassination of US servicemen. The New People's Army—the party's military arm—has not yet been seriously challenged by the ineffective Philippine armed forces. The NPA will probably continue to grow slowly in numbers and influence this year and may mount larger attacks if it can acquire heavy weapons from abroad.***



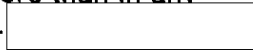
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The party's failure to gain politically from the constitutional plebiscite or the congressional elections last year weighed heavily in its decision to portray the Aquino administration as a US puppet and to turn to more violent tactics. Party members who advocated a political struggle have lost credibility and funding, and some political front members have been driven underground by anti-Communist vigilantes.



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CIA estimates the number of full-time guerrilla regulars increased from about 17,000 early in 1987 to about 18,000 at the end of the year; the NPA exerted some degree of control over more than 20 percent of all villages. Philippine military statistics also show the number of violent incidents and armed forces casualties—more than 1,100 soldiers—increased only slightly as compared with 1986, but the number of NPA raids on harder targets such as outposts and police stations, increased by nearly 40 percent. Manila became a favored site for terrorism; the NPA carried out more than 100 assassinations—far more than in any other year—including that of Cabinet Secretary Ferrer.



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The attacks drew widespread criticism, but the NPA, which previously had avoided attacks on major economic targets, defended its destruction of bridges and powerlines as a legitimate means to weaken the government. The NPA last year also used landmines more widely and proficiently than ever before, damaging or destroying 23 military vehicles and killing nearly 100 soldiers.



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**External Support**

The party devoted considerable effort last year to acquiring more foreign assistance and heavier weapons and may have had some success in obtaining funding from Libya and at least the promise of arms from North Korea. It also opened a direct line of communication to the Soviet party.



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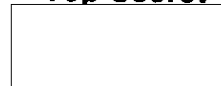
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The Philippine party's political front concentrated on obtaining funds from leftist organizations in Western Europe, Japan, Australia, and the US. A party spokesman admitted receiving money from donors in 25 countries last year, and the Philippine military estimates the contributions may have exceeded \$8 million last year as compared with \$2.5 million in 1986.



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**The Next Few Months**

The insurgents are in a good position to sustain their momentum. NPA hit squads—in reaction to internal criticism of the selection of low-level targets—are likely to kill fewer, but more prominent, Filipinos and almost certainly will attempt to assassinate US citizens. The NPA also probably will increase the use of mines as the Philippine armed forces receive more US-supplied trucks and armored vehicles.



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Even if the military and the government can develop and implement a counterinsurgency program, they will be hard pressed to make gains against the NPA this year. The armed forces are already constrained by poor leadership and training and will be distracted early in the year as the senior leadership retires. Moreover, there is no indication that the civilian agencies, whose budgets and programs are now subject to legislative debate, are prepared to contribute effectively to the counterinsurgency effort.



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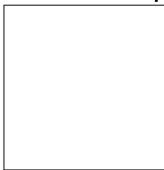
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**Special Analysis**

**COLOMBIA:**

**Drug Mafia's Power Growing**



***The recent release of drug baron Jorge Ochoa is a measure of the influence drug traffickers have gained over virtually every branch of the Colombian Government. Bogota faces great political and security risks in trying to find a legal and safe way to extradite traffickers and is increasingly unlikely to expel Ochoa or other kingpins.***

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From the outset, efforts to extradite Ochoa were stymied by daunting legal barriers. Since the Colombian Supreme Court invalidated a 1979 extradition treaty with Washington, the US has tried to persuade Bogota to use other mechanisms, including an 1888 extradition treaty, the Montevideo Convention, and state-of-siege powers granted under Colombian law:

— President Barco has been reluctant to use the 1888 treaty or the state-of-siege powers—the most expedient mechanisms, which also put the extradition decision on his shoulders alone.

— Alternative legal processes are slow and tortuous and shift the onus to the intimidated Supreme Court.

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The traffickers have the best attorneys in the country, including several former Supreme Court judges, according to the US Embassy. In addition, the traffickers have penetrated the Justice Ministry, the Supreme Court, and the Congress, giving them access to the government's strategies. They use that access and influence to create a variety of barriers to extradition, such as arranging to be tried in Colombia on the same charges as are pending in the US, thus avoiding expulsion on the basis of double jeopardy.

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During recent Colombian congressional hearings, Ochoa's attorneys were on the dais, feeding embarrassing questions to the committee chairman in an attempt both to discredit the extradition process and to elicit from the Minister of Justice the government's plans for handling Ochoa and other traffickers.

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**Threat of Retaliation**

The constant threat of retaliation saps the government's will. ~~for example, several criminal justice officials accepted some \$4 million in bribes rather than face retaliation to help arrange Ochoa's release.~~ Over the past four years, no Minister of Justice has survived the extradition pressures

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unscathed—one was killed, one was wounded, some resigned, and others have acquiesced. The current Minister told Embassy officials that threats to his life as well as compelling legal arguments caused him to revoke the arrest warrant needed to hold Ochoa for extradition, opening the way for his eventual release.

[redacted] the Ochoa organization had some 400 people in Bogota scouting likely targets for ~~retaliation, including President Barco and close family members.~~ [redacted]

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Although Barco denies he was cowed by such threats, they almost certainly influenced his decision not to order Ochoa's expulsion unilaterally. ~~(Traffickers would have retaliated for any such move with a constitutional attack calling for the President's impeachment that poorly prepared government attorneys would have been hard pressed to defend. Indeed)~~ through a speech by his Minister of Justice, Barco has responded to increasing criticism of Ochoa's release by stating the government followed the only available legal course of action.

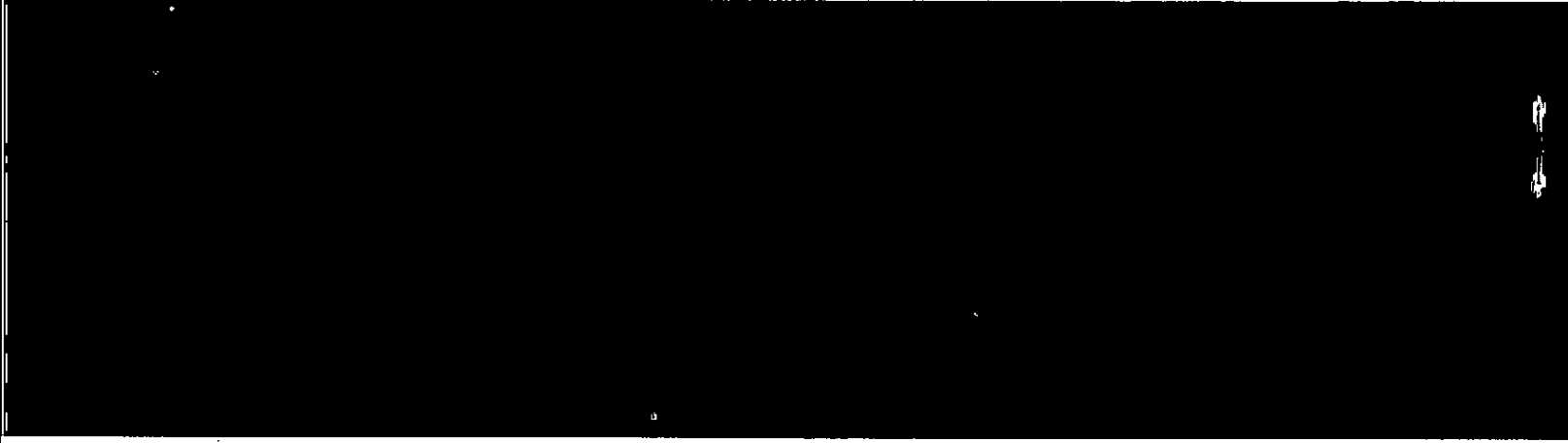
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In a move probably aimed at mending relations with the US, Bogota has issued a new warrant for the arrest and extradition of Ochoa and other top traffickers, under provisions of the Montevideo Convention. The Embassy also has unconfirmed reports that Barco is considering invoking state-of-siege powers to expedite extradition procedures. Such steps might help fend off international demands for more forthright action and reduce the pressure the narcotics interests are increasingly applying to Colombia's institutions. Nevertheless, it is doubtful the government will be able to surmount the legal and other options open to Ochoa and other traffickers. [redacted]

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